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## Insurance firm sued over hike in rates

By [Ken Kobayashi](#)

Advertiser Courts Writer

More than 150 people filed a federal lawsuit yesterday alleging that Conseco Life Insurance Co. unfairly hiked their life insurance premiums in 2003 as high as five or six times the previous amount.

The lawsuit is the first of its kind filed in Hawai'i, but other policyholders in Indiana, California and Texas have similar pending suits against the Indiana-based multibillion-dollar insurance carrier, plaintiffs' lawyers said.

Conseco officials and their lawyers could not be reached for comment yesterday.

Honolulu attorneys L. Richard Fried Jr. and Mark Davis, who represent the plaintiffs, said they would be asking for what could be tens of millions of dollars in punitive and other damages, as well as a court order to reinstate the lower premium rates.

Their clients include lawyers, judges, estate planners and other professionals. Many of them are in their 60s or older and purchased the policies in the late 1980s and 1990s.

Fried gave the example of a dentist who had to pay \$4,800 a year until age 64 to get \$1.5 million in coverage at death, but then annual premium increased to \$28,000 and the dentist would have had to pay until age 91.

When policyholders were notified of the increases in August 2003, their options included letting their insurance lapse, cashing out their policies or paying the "ridiculous" higher premiums, the lawyers said.

But the cash-out would generally be limited to the premiums paid minus costs and other expenses, they said, and for the older policyholders, it would be difficult to get life insurance at the rates they previously enjoyed.

The lawsuit said Conseco sold what are called "lifestyle policies" at lower premiums, hoping that policyholders would not renew the policies. As those policies continued, the low-premium payments could not be sustained and the premium rate skyrocketed, the suit alleges.

The suit also alleges the practice was "essentially a Ponzi scheme which required existing policyholders to abandon the policy before payment of death benefits and be replaced by new policyholders in a cycle of perpetual premium payments without corresponding payments of benefits."

The lawyers estimated more than 300 of those policies were sold in Hawai'i.

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